



United States Attorney's Office
District of Columbia

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NEWS RELEASE

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**Owners of South Carolina Tax Preparation Companies Arrested and Charged in
Connection with Massive Tax Fraud Scheme which targeted the District of Columbia**

--Income tax returns claimed over \$800,000 in refunds for taxpayers who never worked in D.C.--

WASHINGTON - Carolynne Richardson Jones, 50, and her sister, Johanna Richardson Jones, 47, both of Elgin, South Carolina, owners and operators of Carolina Tax Service (Carolina) and Carroll's Tax Service (Carroll's), have been arrested on wire fraud, mail fraud, aggravated identity theft, and false statement charges in connection with an alleged tax fraud scheme perpetrated against the District of Columbia between 2005 and 2009, U.S. Attorney Jeffrey A. Taylor, Gregory Campbell, Jr., Inspector in Charge of the Washington, D.C. Division, U.S. Postal Inspection Service, and District of Columbia Chief Financial Officer Natwar M. Gandhi, announced today.

The two women appeared on April 2, 2009, before a federal judge in South Carolina, who ordered that the defendants appear in the U.S. District for the District of Columbia at a date to be determined.

According to affidavits filed in support of the felony complaints, 173 D.C. income tax returns were filed which fraudulently claimed that the "taxpayer" listed had worked in D.C. and had taxes withheld from his or her pay. The Forms W-2, Wage and Tax Statements submitted in support of the income tax returns were, in fact false, as none of the listed taxpayers ever worked for the companies referenced.

The case was uncovered by Special Agents of the D.C. Office of Tax and Revenue (D.C. OTR) when an individual called the OTR Hotline to report that she had received a document in the mail indicating that she had received a tax refund in a prior year from the District of Columbia. However, according to that individual, she had never worked in D.C.

and had no knowledge of the tax return at issue. D.C. OTR agents identified 172 additional tax returns which had been filed electronically using the identifying information associated with Carolina or Carroll's. They also traced refunds to a bank account owned by Carolyne Richardson Jones and Johanna Richardson Jones. It appears that the "taxpayers" listed on the tax returns at issue were unaware that their identifying information had been used in the tax fraud scheme. In total, the fraudulent tax returns sought refunds totaling approximately \$811,402.00. Based upon the false returns, D.C. issued \$720,328.00 in refunds.

In announcing the filing of the two felony complaints, U.S. Attorney Taylor, U.S. Postal Inspector in Charge Gregory, and District of Columbia Chief Financial Officer Gandhi commended the work of Special Agent Kevin Craddock, D.C. Office of Tax and Revenue, Criminal Investigation Division; Postal Inspector Team Leader Judy Ramos and U.S. Postal Inspector Steven Sultan; and the staff of the U.S. Attorney's Office, including Legal Assistant Lisa Robinson and Assistant U.S. Attorney Sherri L. Schornstein, who is prosecuting the case. U.S. Attorney Taylor also expressed appreciation to the U.S. Attorney's Office for the District of South Carolina, particularly Assistant U.S. Attorney Anne Young, who assisted the government in securing the South Carolina warrants.

A complaint is merely a formal charge that a defendant has committed a violation of law. Every defendant is presumed innocent until and unless found guilty.

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